

Message Text

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ACTION EA-09

INFO OCT-01 EB-07 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

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FM AMEMBASSY JAKARTA

TO AMEMBASSY SINGAPORE

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EO 11652: NA

TAGS: ECEM ENRG IS

SUBJECT: PERTAMINA FLOATING FERTILIZER PLANT

REF: SINGAPORE 4227

1. CONTACTS WITH OFFICIALS WITHIN PERTAMINA AND BAPPENAS (NATIONAL PLANNING BOARD) INDICATED PERTAMINA'S FLOATING FETRILIZER PROJECT IS STILL ALIVE. PROJECT WILL NOT BE FLOATING NOR WILL PERTAMINA, TECHNICALLY SPEAKING, BE IN CHARGE OF ACTIVITY. PROJECT WILL NOW BE KNOWN BY ITS OFFICIAL NAME, "EAST KALIMANTAN FERTILIZER PROJECT-I".

2. RESPONSIBILITY FOR PROJECT HAS BEEN RECENTLY SHIFTED TO DEPARTMENT OF INDUSTRY, DIRGEN FOR CHEMICAL INDUSTRIES (DIRECTOR: GEN. IR. AGUS SUYONO, JL. KEBON SIRIH 31), WHICH OVERSEES SPECIAL INTERAGENCY TEAM COMPOSED OF BAPPENAS, CHEMICAL INDUSTRIES, AND PERTAMINA. GOI HAS APPOINTED TABRANI ISMAIL OF PERTAMINA (JL. PERWIRA 6) AS PROJECT MANAGER. ABOVE TWO INDIVIDUALS SHOULD SERVE AS POINTS OF CONTACT FOR US BANKERS.

3. BAPPENAS IS PRESENTLY STUDYING VARIOUS METHODS FOR

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MOVING PROJECT ONSHORE. ORIGINAL CONTRACTOR/CONSULTANT

(COPPEE RUST OF BELGUIM) IS PREPARING OPTIONS FOR SITE LOCATION OF FERTILIZER PROJECT WHICH WOULD MAKE USE OF NATURAL GAS NEAR HUFFCO'S BADAK FIELD. ONE POSSIBILITY IS TO MOVE PROJECT TO SITE ADJACENT TO BONTANG LNG FACILITY. IN MAY OF 1976, PERTAMINA CANCELLED CONTRACT WITH BRITISH FIRM IN LIVERPOOL WHICH WAS BUILDING ONE OF THE TWO FLOATING BARGES. WE UNDERSTAND CONTRACT WITH COPPEE RUST FOR OTHER FLOATING BARGE HAS ALSO BEEN TERMINATED. (FYI: ORIGINALLY, PLAN CALLED FOR BARGES TO BE SIMPLY PULLED ONSHORE AND OPERATED ON LAND. THIS CONCEPT HAS BEEN ABANDONED AND MAY BE PART OF PLAN BANKERS REFERRED TO AS "TOTALLY UNREALISTIC" IN PARA 2 REFTEL. END FYI.)

4. MINES MINISTER SADLI RECENTLY ADVISED EMBOFFS THAT "GROUNDED" PROJECT WOULD HAVE PRICE TAG OF JUST UNDER \$300 MILLION. SADLI ESTMATED PROJECT WOULD REQUIRE ADDITIONAL FOREIGN EXCHANGE BUT COULD NOT OFFER FIRM FIGURE SINCE STUDIES NOT COMPLETED. AS FAR AS EMBASSY AWARE, THERE IS NO FIXED TIMETABLE FOR COMPLETING STUDIES. AS PRACTICAL MATTER, HOWEVER, THIS PROJECT WILL LAG IN PRIORITY BEHIND TWO LNG PROJECTS AND DOW PETROCHEMICAL PROPOSAL. TOWARD END OF YEAR OR EARLY 1977, GOI SHOULD BE IN POSITION TO MOVE AHEAD ON PROJECT.

5. EMBASSY WOULD BE PLEASED TO MEET WITH REPRESENTATIVES OF US BANKS FOR DISCUSSION ON EAST KALIMANTAN FERTILIZER PROJECT.

NEWSOM

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